

INTRODUCTION

Alger County Prosecuting Attorney (PA) had a contract with the Michigan Family Independence Agency (FIA) to establish PA paternity and to obtain support orders for all cases where the Alger County PA had jurisdiction. The Alger County PA billed FIA monthly under the actual cost reimbursement billing method. FIA reimbursed Alger County PA for their costs based on the Federal IV-D Program regulations.

SCOPE

We performed an audit of the costs submitted for reimbursement by the Alger County PA for the period January 1, 1996 through December 31, 1996. Our audit was conducted in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. We performed the audit tests that we determined were necessary to determine if costs charged were proper, accurate, documented, and charged in accordance with the terms of the contract.

EXECUTIVE SUMMARY

We found that the Alger County PA overbilled FIA for pension and salaries costs. The State share of the net amount overbilled by the Alger County PA was \$6,107 (See Schedule A.)

Our report recommends the Family Independence Services Administration initiate the process to recoup \$6,107 from the Alger County PA.

PA RESPONSE

The Alger County PA indicated in a telephone conversation that they are in general agreement with the report.

FINDINGS

Personnel - Pension Cost

1. The Alger County PA overbilled FIA \$7,566.00 in 1996 because they used incorrect rates for pension costs. The PA used a rate of 49.77% for the Prosecuting Attorney and a rate of 25.28% for the Office Manager instead of the actual contribution rates of 12.9% and 8.23% respectively as specified in the Actuarial Cost Plan. OMB Circular A-87 requires that billings be based on actual costs. (See Schedule A.)

Personnel - Salary Billing Error

2. Alger County PA made an addition error on their June 1996 billing and over billed FIA \$198.00 for salaries. (See Schedule A.)

WE RECOMMEND the Family Independence Services Administration initiate the process to recoup \$6,107 from the Alger County PA.

Finding#	Description	Year	(Over)/Under Billed Gross Amount	IV-D %	(Over)/Under Billed IV-D Amount	State %	Due (State) County
1	Personnel	1996	(19,437)	24.00%	\$ (4,665)		
1	Personnel	1996	(3,260)	89.00%	\$ (2,901)		
2	Personnel	1996	(222)	89.00%	\$ (198)		
Grand Total of the IV-D Audit Adjustments					\$ (7,764)		
	Calculation of the Payment Due the (State) County						
Audited IV-D Amount					58,531		
IV-D Amount Used for the Payments Actually Made					(66,295)		
IV-D Audit Adjustment Due (State) County					(7,764)	78.66%	(6,107)